

**§ 18.1378-1 [Amended]**

**Par. 7.** Section 18.1378-1 is amended as follows:

1. The fourth sentence of paragraph (b)(2)(i) is amended by removing the language “§ 18.1362-1(b)” and adding the language “§ 1.1362-6(b)(2)(ii) of this chapter” in its place.

2. The fifth sentence of paragraph (b)(2)(i) is removed.

3. The second sentence of paragraph (b)(2)(ii) is amended by removing the language “§ 18.1362-1(a)” and adding the language “§ 1.1362-6(b)(2)(i) of this chapter” in its place.

4. Paragraph (b)(3) is removed.

5. Paragraph (c) is removed and reserved.

6. Paragraph (e) is removed.

**PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT**

**Par. 8.** The authority citation for part 602 continues to read as follows:

**Authority:** 26 U.S.C. 7805.

**§ 602.101 [Amended]**

**Par. 9.** Section 602.101, paragraph (c) is amended by removing the entry for 18.1361-1 from the table and adding the entry “1.1361-1 . . . 1545-0731” in numerical order to the table.

**Margaret Milner Richardson,**  
*Commissioner of Internal Revenue.*

Approved: May 9, 1995.

**Leslie Samuels,**

*Assistant Secretary of the Treasury.*

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**26 CFR Parts 1 and 301**

[TD 8603]

RIN 1545-AT57

**Methods of Signing**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Temporary regulations.

**SUMMARY:** This document contains temporary regulations relating to the signing of returns, statements, or other documents. The text of these temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the **Federal Register**.

**EFFECTIVE DATE:** These regulations are effective on July 21, 1995.

**FOR FURTHER INFORMATION CONTACT:** Celia Gabrysh, (202) 622-4940 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

This document contains amendments to the Income Tax Regulations (26 CFR part 1) and the Procedure and Administration Regulations (26 CFR part 301) that relate to signing returns, statements, and other documents.

**Explanation of Provisions**

Section 6061 provides in part that “. . . any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall be signed in accordance with forms or regulations prescribed by the Secretary.” Traditionally, the IRS has accepted pen-to-paper signatures. The Service will prescribe additional methods of signing to be used when electronically filing returns and other documents.

The temporary regulations clarify that the IRS may prescribe the specific method of signing any return, statement, or other document. The temporary regulations also provide that the IRS may require a return preparer to use a method of signing other than a pen-to-paper signature or a facsimile signature stamp of the person filing a return, statement, or other document.

**Special Analyses**

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, these temporary regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

**Drafting Information**

The principal author of these regulations is Celia Gabrysh, Office of Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

**List of Subjects****26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**26 CFR Part 301**

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

**Adoption of Amendments to the Regulations**

Accordingly, 26 CFR parts 1 and 301 are amended as follows:

**PART 1—INCOME TAXES**

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**Par. 2.** Section 1.6695-1T is added to read as follows:

**§ 1.6695-1T Other assessable penalties with respect to the preparation of income tax returns for other persons (temporary).**

(a) [Reserved].

(b) Unless the Secretary has prescribed another method of signing pursuant to § 301.6061-1T(b) on or after July 21, 1995, an individual who is an income tax return preparer with respect to a return of tax under subtitle A of the Internal Revenue Code (Code) or claim for refund of tax under subtitle A of the Code shall manually sign the return or claim for refund (which may be a photocopy) in the appropriate space provided on the return or claim for refund after it is completed and before it is presented to the taxpayer (or nontaxable entity) for signature.

**PART 301—PROCEDURE AND ADMINISTRATION**

**Paragraph 1.** The authority citation for part 301 is amended by adding an entry in numerical order to read as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

Section 301.6061-1T also issued under 26 U.S.C. 6061.

**Par. 2.** Section 301.6061-1T is added to read as follows:

**§ 301.6061-1T Signing of returns and other documents (temporary).**

(a) [Reserved].

(b) *Method of signing.* The Secretary may prescribe in forms, instructions, or other appropriate guidance the method of signing any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations.

(c) *Effective date.* This section is effective on July 21, 1995.

Approved: July 5, 1995.

**Leslie Samuels,**

*Assistant Secretary of the Treasury.*

**Margaret Milner Richardson,**

*Commissioner of Internal Revenue.*

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Health Care Financing Administration

#### 42 CFR Part 413

[BPD-409-F]

RIN 0938-AD02

#### Medicare Program; Optional Payment System for Low Medicare Volume Skilled Nursing Facilities

**AGENCY:** Health Care Financing Administration (HCFA), HHS.

**ACTION:** Final rule.

**SUMMARY:** This final rule allows skilled nursing facilities (SNFs) that provide fewer than 1,500 days of care to Medicare beneficiaries in a cost reporting period to have the option of receiving prospectively determined payment rates in the following cost reporting period. The prospectively determined payment rates are based on components of SNF costs such as routine operating costs, capital-related costs, and a return on equity for proprietary facilities for routine services furnished before October 1, 1993. This rule also specifies that the return on equity provision for proprietary SNFs is eliminated for services furnished on or after October 1, 1993.

**EFFECTIVE DATE:** These regulations are effective on August 21, 1995.

**FOR FURTHER INFORMATION CONTACT:** David Goldberg—Simplified Cost Reporting, (410) 966-4512; Robert Kuhl—All Other Issues, (410) 966-4597.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The Social Security Act (the Act) authorizes the Secretary to set limits on the allowable costs incurred by a skilled nursing facility (SNF) in furnishing care to Medicare beneficiaries. The limits are based on estimates of the costs necessary for the efficient delivery of needed health services. Section 1888 of the Act sets forth the statutory provisions that specifically deal with SNF payments. Implementing regulations appear at 42 CFR 413.30.

Section 1888(d) of the Act (as added by the Consolidated Omnibus Budget

Reconciliation Act of 1985 (Public Law 99-272)) requires the establishment of prospectively determined payment rates for routine services furnished by low Medicare volume SNFs choosing to be paid on a prospective basis. The rates paid to proprietary SNFs choosing this method of payment included a component for return on equity related to routine service costs, which was subsequently eliminated for services furnished on or after October 1, 1993 (see below).

Specifically, section 1888(d) of the Act—

- Specifies that SNFs with fewer than 1,500 Medicare inpatient days in one cost reporting period have the option of being paid on the basis of a prospectively determined payment rate in the following cost reporting period.

- Requires that the amount of payment under the SNF prospectively determined payment rate system be determined on a per diem basis. However, that amount may not exceed the limit on routine service costs set forth in section 1888(a) of the Act with respect to the facility, adjusted to take into account average capital-related costs with respect to the type and location of the facility. The limit used for this purpose is the applicable routine service cost limit in effect when the provider elects to be paid under prospectively determined payment rates.

For SNFs located in an urban area, the prospectively determined payment amount is equal to 105 percent of the mean of the per diem reasonable routine service and routine capital-related costs of services for SNFs in urban areas within the same census region. The mean per diem is determined without regard to the limitations of section 1888(a) of the Act and is adjusted for different area wage levels.

For SNFs located in a rural area, the prospectively determined payment amount is equal to 105 percent of the mean of the per diem reasonable routine service and routine capital-related costs of covered services for SNFs in rural areas within the same census region. The mean per diem is determined without regard to the limitations of section 1888(a) of the Act and is adjusted for different area wage levels.

- Requires the Secretary to establish the prospectively determined payment rates for each Federal fiscal year at least 90 days prior to the beginning of that fiscal year. The law also requires an SNF to notify the Secretary of its intention to be paid a prospectively determined payment rate no later than 30 days before the beginning of the cost

reporting period for which the request is made.

- Requires the Secretary to provide for a simplified cost report to be filed by SNFs being paid under prospectively determined payment rates.

- Provides that, in the case of an SNF receiving prospectively determined payment rates, the Secretary may pay for ancillary services on a reasonable charge basis, rather than on a cost basis, if the Secretary determines that a reasonable charge basis provides an equitable level of payment and eases the SNF's reporting burden.

Section 13503(c) of the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66) amended section 1861(v)(1)(B) of the Act to eliminate the provision for payment for a return on equity for services furnished by proprietary SNFs on or after October 1, 1993. Also, we note that section 13503(b) states that the Secretary may not change the amount of any prospectively determined payment rate paid to an SNF under section 1888(d) of the Act for services furnished during cost reporting periods beginning during fiscal years (FYs) 1994 and 1995, except as necessary to take into account the elimination of the return on equity provision.

In order to provide the public with information on the optional prospectively determined payment rate system for SNF routine services as soon as possible, and to implement the prospectively determined rates provided for under section 1888(d) of the Act, as amended, we initially issued guidelines in sections 2820 through 2822 of Chapter 28 of the Provider Reimbursement Manual (HCFA Pub. 15-1) in August 1986.

The rates were effective for cost reporting periods beginning on or after October 1, 1986, but before October 1, 1987. Additional transmittals were issued providing rates for subsequent cost reporting periods. As described below, the guidelines in the Provider Reimbursement Manual closely adhere to the requirements of section 1888(d) of the Act. In calculating the prospectively determined payment rates announced in the manual transmittals, we used the most recent data available at that time.

In the guidelines issued under Chapter 28 of the Provider Reimbursement Manual—

- We stipulated that an SNF may choose to be paid a prospectively determined payment rate for general inpatient routine services if the facility met the statutory criteria that, in its immediately preceding cost reporting period, it had fewer than 1,500